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CHINA RENAISSANCE HOLDINGS LIMITED

華興資本控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1911)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022

Reference is made to the announcement of China Renaissance Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated March 31, 2023 in relation to, among other things, the unaudited annual results of the Group for the year ended December 31, 2022 (the “**Unaudited Annual Results Announcement**”). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022

The Board hereby announces the audited consolidated results of the Group for the year ended December 31, 2022 (the “**Reporting Period**”).

SUMMARY OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the Year Ended	
	December 31,	
	2022	2021
	RMB'000	RMB'000
Total revenue	1,585,380	1,744,483
Total revenue and net investment gains	1,586,889	2,504,011
Total operating expenses	(1,690,755)	(1,641,207)
Operating (loss)/profit	(103,866)	862,804
(Loss)/Profit before tax	(383,007)	1,855,904
Income tax expense	(70,971)	(210,519)
(Loss)/Profit for the year	(453,978)	1,645,385
(Loss)/Profit for the year attributable to owners of the Company	(429,901)	1,624,362

To supplement our financial information presented in accordance with International Financial Reporting Standards (“IFRS”), we also use adjusted net (loss)/profit attributable to owners of the Company as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe that this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by adjusting for potential impacts of non-recurring and certain non-cash items and our management considers this non-IFRS measure to be indicative of our operating performance. We believe that this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. Adjusted net (loss)/profit attributable to owners of the Company does not have a standardised meaning prescribed by IFRS and may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and the shareholders of the Company (the “Shareholders”) should not consider it in isolation from, or as substitute for analysis of, or our results of operations as reported under IFRS.

	For the Year Ended	
	December 31,	
	2022	2021
	RMB'000	RMB'000
(Loss)/Profit for the year attributable to owners of the Company	(429,901)	1,624,362
Add:		
Share-based payment expense	113,478	62,703
Change in fair value of call option	82,000	(844,170)
Subtotal before adjustments relating to carried interest	(234,423)	842,895
Add:		
Reversal of unrealized net carried interest ⁽¹⁾	(216,630)	(256,993)
Non-IFRS Measure: Adjusted net (loss)/profit attributable to owners of the Company (unaudited)⁽²⁾	(451,053)	585,902

Notes:

- (1) The unrealized net carried interest is calculated by subtracting our carried interest to management team and other parties from our unrealized income from carried interest as follows.

	For the Year Ended	
	December 31,	
	2022	2021
	RMB'000	RMB'000
Reversal of unrealized income from carried interest	(791,193)	(453,128)
Reversal of carried interest to management team and other parties	574,563	196,135
Reversal of unrealized net carried interest	(216,630)	(256,993)

The unrealized income from carried interest is based on the underlying fair value change of the respective funds under our investment management business. The unrealized income from carried interest is allocated to us based on the cumulative fund performance to date, subject to the achievement of minimum return levels to limited partners. At the end of each reporting period, we calculate the unrealized income from carried interest that would be due to us for each fund, pursuant to the relevant fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. As of December 31, 2022, accumulated unrealized income from carried interest and unrealized net carried interest were RMB3.7 billion and RMB1.1 billion, respectively. As the fair value of underlying investments varies among reporting periods, it is necessary to make adjustments to amounts presented as unrealized income from carried interest. Such adjustments may, in certain circumstances, reverse the unrealized income from carried interest reported in the prior period due to fluctuations in the value of the underlying investments.

- (2) We define adjusted net (loss)/profit attributable to owners of the Company as profit or loss for the year attributable to owners of the Company adjusted for the impact of (i) share-based payment expense, (ii) change in fair value of call option, (iii) reversal of unrealized income from carried interest, and (iv) reversal of carried interest to management team and other parties.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2022, the IPO and secondary stock markets in Hong Kong and the US proved to be one of the most challenging in the past decade. As a result, private placement, IPO underwriting in Hong Kong and the US, as well as the investment portfolio valuation of the investment management business of China Renaissance were under notable pressure. In response to the complex external environment, China Renaissance pursued progress in a prudent manner. Total revenue and net investment gains of the Group for the year amounted to RMB1.6 billion, a year-on-year decrease of 37%. Excluding the one-off impact from the provision for expected credit loss in the second half of 2022, business operations improved in the second half of 2022 as compared to the corresponding period of 2021 as well as the first half of 2022.

In 2022, the investment management business accounted for 53% of the Group's total revenue and net investment gains. The steady management fees and accelerated realization of carried interest provided robust support for the Group's performance. In spite of the challenging conditions in the fund-raising environment, the fee-earning assets under management ("AUM") under the investment management business of the Group further increased to RMB26.9 billion as at the end of the Reporting Period, mainly supported by the new funds raised from USD Fund IV and HGC RMB Fund IV. The Group also developed more diversified products and strategies, such as private credit funds and Fund of Hedge Funds (FoHF), in order to capture the investment opportunities in the market in a more flexible way, and provide more comprehensive solutions and diversified product portfolio to new-economy enterprises and investors.

During the Reporting Period, the Group accelerated the realization of carried interest in our financial statements. In 2022, RMB402 million gross carried interest (RMB143 million net carried interest) was realized in our profit and loss statement, significantly higher than that of the corresponding period of 2021. Revenue from realized carried interest accounted for 47% of the total segment revenue of investment management business for the Reporting Period. As at the end of the Reporting Period, the accumulated gross unrealized carried interest amounted to RMB3.7 billion (net unrealized carried interest amounted to RMB1.1 billion), approximately half of which was contributed from the funds raised in 2013 to 2015. It is expected that carried interest will continue to be a significant contributor to our investment management business as well as the Group's performance.

Despite the ongoing market downturns, the Group carried out exits from portfolio projects with a total amount of RMB6.7 billion. As at the end of the Reporting Period, the total AUM of investment management business amounted to RMB42.9 billion. Although the investment gains during the Reporting Period were at relatively low level due to market factors, there was improvement in the second half of 2022 as compared to the first half of 2022 as well as the corresponding period of 2021. At the same time, following market correction, pressure of further reduction in investment portfolio valuation in the future was mitigated to a certain extent.

In 2022, the IPO markets in Hong Kong and the US were stagnant and the market activity level dropped to the bottom as compared to the past five years. During the Reporting Period, China Renaissance completed two IPO projects, namely Huitongda and AInnovation, as a joint sponsor. In respect of private placement segment, China Renaissance continued to maintain top market position. In addition to retaining leading market shares across healthcare, enterprise service and consumer sectors, we also achieved new breakthroughs in hard technology, new energy and advanced manufacturing sectors, completing a more comprehensive layout in essential fields of the new economy.

China Renaissance Securities (China) Co., Ltd (“**CR Securities**”) recorded a revenue of RMB127 million from the investment banking business in 2022, which was a historical high. During the Reporting Period, CR Securities completed the A share IPO project for Glory View Technology as a sponsor and the lead underwriter and the A share IPO project for Jingwei Hengrun as a joint lead underwriter, and obtained approval for one convertible bond deal as well as approvals for two additional IPO applications. CR Securities expanded its investment banking team to 90 members from 63 members at the beginning of the year and established a new regional team for the Yangtze River Delta, enriching the matrix structure of “industry team + regional team”. In terms of innovative brokerage business, the App Duoduojin was officially launched in November 2022, with over 120,000 registered users in the first batch and approximately 50,000 new accounts opened by customers. In addition, CR Securities optimized its shareholder structure in 2022 and introduced new strategic investors.

In 2022, our wealth management business continued its healthy growth. As at the end of the Reporting Period, the AUM from alternative assets, a specialty of the Group, further increased to RMB3.8 billion during the Reporting Period. As a result, the overall fee rate also recorded an increase. Our wealth management business continues to gain traction amongst new economy clients, becoming a preferred platform for alternative investments with a nod to China Renaissance’s forte. It is well positioned to attain synergies with the Group’s investment banking and investment management businesses, complementing our business model with a third engine for long-term growth.

Business Outlook

As we enter 2023, there is a high level of uncertainty in the external financial and economic environments, particularly due to the impact of the collapse of Silicon Valley Bank and Credit Suisse, against the backdrop of ongoing tension in the Russian-Ukrainian war, continued interest rate hikes of the Federal Reserve and rising financing costs.

Nevertheless, there are many opportunities where uncertainties lie. In China, as the pandemic control measures have further relaxed, there are a number of emerging high-quality enterprises which focus on different market segments and with significant competitive strengths. Continuous efforts will be made to identify and support outstanding companies and entrepreneurs emerging in these fields, helping them grow into new industry leaders. China Renaissance will continue to develop its investment management business while performing its responsibilities and fulfilling its commitment. China Renaissance will seek active exits from selective portfolio investments and realize carried interest in our financial statements in the coming years.

It is particularly during turbulent times that clients need more guidance from their trusted advisor, and we shall fulfill our role as a champion for our clients. China Renaissance will further strengthen its relationship with customers, continues to pivot towards new growth sectors, such as core technology, new energy and advanced manufacturing, and seize such arising opportunities.

In addition, the Group will make unfaltering efforts to optimize its operation and cost structure. It will continue to closely monitor market risks and exposures. Moreover, in the first quarter of 2023, the Group actively repaid its syndicated loans to further reduce the debt level and lower financial costs.

Although the road ahead is long and fraught with challenges, by persevering ahead we will reach our goals. We have overcome significant obstacles and navigated various ups and downs over the past year, and we believe that the Group is well positioned for a new start when appropriate opportunities arise.

Financial Review

Segment Performance

The following table sets forth a breakdown of revenue and net investment gains or losses by reporting segment for the years indicated.

	For the Year Ended		Change	% of change
	2022	2021		
	RMB'000	RMB'000	RMB'000	
Business Segment				
Investment Banking	422,824	1,100,656	(677,832)	-61.6%
Investment Management	847,531	910,540	(63,009)	-6.9%
CR Securities	204,820	409,633	(204,813)	-50.0%
Others	111,714	83,182	28,532	34.3%
Total revenue and net investment gains or losses	1,586,889	2,504,011	(917,122)	-36.6%

The following table sets forth a breakdown of operating (loss)/profit by reporting segment for the years indicated.

	For the Year Ended		Change	% of change
	2022	2021		
	RMB'000	RMB'000	RMB'000	
Business Segment				
Investment Banking	(61,384)	309,332	(370,716)	n.m.
Investment Management	174,897	540,201	(365,304)	-67.6%
CR Securities	(147,526)	78,005	(225,531)	n.m.
Others	(69,853)	(64,734)	(5,119)	7.9%
Operating (loss)/profit	(103,866)	862,804	(966,670)	n.m.

Investment Banking

The following table sets forth segment revenue, segment operating expenses and segment operating (loss)/profit for the years indicated.

	For the Year Ended		Change	% of change
	December 31,			
	2022	2021		
	RMB'000	RMB'000	RMB'000	
Investment Banking				
Advisory services	268,832	537,929	(269,097)	-50.0%
Equity underwriting	17,873	348,889	(331,016)	-94.9%
Sales, trading, and brokerage	134,739	192,947	(58,208)	-30.2%
Interest Income	—	4,873	(4,873)	-100.0%
Segment revenue	421,444	1,084,638	(663,194)	-61.1%
Net investment gains	1,380	16,018	(14,638)	-91.4%
Segment revenue and net investment gains	422,824	1,100,656	(677,832)	-61.6%
Compensation and benefit expenses	(308,352)	(592,309)	283,957	-47.9%
Impairment loss under expected credit loss model, net of reversal	(38,055)	(44,999)	6,944	-15.4%
Other operating expenses	(137,801)	(154,016)	16,215	-10.5%
Segment operating expenses	(484,208)	(791,324)	307,116	-38.8%
Segment operating (loss)/profit	(61,384)	309,332	(370,716)	n.m.

The following table sets forth a breakdown of the transaction value of the investment banking business by major service type for the years indicated.

	For the Year Ended		Change	% of change
	December 31,			
	2022	2021		
	RMB in million	RMB in million	RMB in million	
Transaction Value				
Advisory services	38,607	49,354	(10,747)	-21.8%
Equity underwriting	2,839	174,156	(171,317)	-98.4%
Total	41,446	223,510	(182,064)	-81.5%

Segment Revenue and Net Investment Gains

Investment banking revenue and net investment gains were RMB422.8 million for the year ended December 31, 2022, a decrease of 61.6% from the year ended December 31, 2021. The decrease was mainly attributable to a significant decline in the market volume of Initial Public Offerings for new economy businesses in Hong Kong and the United States for the year of 2022 comparing to the year of 2021 and significantly reduced financing activities in private placement market, resulting in lower equity underwriting revenue and advisory services revenue to the Group.

Interest income and net investment gains mainly come from the structured finance related products. Structured financing is dedicated to exploring and developing non-equity financing services to new economy firms.

Segment Operating Expenses

For the investment banking segment, segment operating expenses decreased by 38.8% from RMB791.3 million for the year ended December 31, 2021 to RMB484.2 million for the year ended December 31, 2022, which was primarily attributed to the decrease in compensation and benefit expenses from RMB592.3 million for the year ended December 31, 2021 to RMB308.4 million for the year ended December 31, 2022.

Segment Operating (Loss)/Profit

For the investment banking segment, segment operating loss was RMB61.4 million for the year ended December 31, 2022, as compared to RMB309.3 million of segment operating profit for the year ended December 31, 2021.

Investment Management

The following table sets forth segment revenue, segment operating expenses and segment operating profit for the years indicated.

	For the Year Ended		Change	% of change
	December 31,			
	2022	2021		
	RMB'000	RMB'000	RMB'000	
Investment Management				
Management fees	495,036	407,995	87,041	21.3%
Realized income from carried interest	402,353	28,815	373,538	1,296.3%
Interest income	20,394	—	20,394	n.m.
Segment revenue	917,783	436,810	480,973	110.1%
Net investment (losses)/gains	(70,252)	473,730	(543,982)	n.m.
Segment revenue and net investment gains or losses	847,531	910,540	(63,009)	-6.9%
Compensation and benefit expenses	(108,770)	(214,359)	105,589	-49.3%
Finance costs	(29,541)	(40,045)	10,504	-26.2%
Carried interest to management team and other parties	(259,288)	(11,734)	(247,554)	2,109.7%
Investment losses attributable to interest holders of consolidated structured entities	32,929	1,320	31,609	2,394.6%
Impairment loss under expected credit loss model, net of reversal	(206,438)	(1,835)	(204,603)	11,150.0%
Other operating expenses	(101,526)	(103,686)	2,160	-2.1%
Segment operating expenses	(672,634)	(370,339)	(302,295)	81.6%
Segment operating profit	174,897	540,201	(365,304)	-67.6%

The following table sets forth a movement of investments in our own private equity funds and investments in third-party private equity funds for the year indicated.

	Investments	
	Investments in our own funds	in third-party funds
	RMB'000	RMB'000
Balance at December 31, 2021	3,271,627	1,104,043
Invested Capital	258,878	86,450
Distribution	(2,209,893)	(90,513)
Changes in value	(41,349)	(87,045)
Effect of exchange rate change	84,387	79,781
Balance at December 31, 2022	1,363,650	1,092,716

As of December 31, 2022, the IRR of investments in our own private equity funds and investments in third-party private equity funds was 25.3% and 23.2%, respectively.

The following table sets forth certain operational information for the investment management segment as of the dates indicated.

	As of December 31,	
	2022	2021
	<i>RMB in million</i>	<i>RMB in million</i>
Committed Capital	36,551	32,723
Invested Capital	30,424	27,897
Fair Value of Investments	58,692	58,155
Fee-earning AUM	26,904	23,761
AUM	42,896	48,850

The management fees for each of our main funds are calculated on a percentage which ranges from 1.5% to 2.0% of capital commitments during investment period or cost of undisposed investments after investment period. For our project funds, the percentage may vary from 0% to 2%. The income from carried interest from each of our funds is determined only after the fund has achieved its applicable contractual hurdle rate and is based on a percentage of difference of fair value of investments net of expenses over invested capital, which is typically 20% for our main funds and ranges from 0% to 20% for our project funds. The hurdle rate of our funds is typically 8% per annum. Our main funds generally have investment periods of five years. The term of our main funds generally last for 7 to 12 years, subject to a limited number of extensions with the consent of the limited partners.

The following table sets forth certain performance information for our private equity funds as of the dates indicated.

<i>RMB in million except multiples and percentages</i>	Committed Capital	Realized Investments ⁽¹⁾		Unrealized Investments		Gross Multiple of Invested Capital ⁽²⁾
		Invested capital	Fair Value	Invested capital	Fair Value	
As of December 31, 2022						
Main Funds ⁽³⁾	29,516	4,655	14,138	18,653	32,228	2.0
Project Funds	7,035	2,819	7,012	4,297	5,314	1.7
Total	36,551	7,474	21,150	22,950	37,542	1.9
As of December 31, 2021						
Main Fund ⁽³⁾	25,767	3,038	9,807	18,193	34,919	2.1
Project Funds	6,956	1,607	4,363	5,059	9,066	2.0
Total	32,723	4,645	14,170	23,252	43,985	2.1

(1) An investment is considered fully or partially realized when it has been disposed of or has otherwise generated disposition proceeds or current income.

- (2) The gross multiples of invested capital measure the aggregate value generated by private equity fund's investments in absolute terms. Each gross multiple of invested capital is calculated by dividing the sum of total realized and unrealized values of a private equity fund's investments by the total amount of capital invested by the private equity fund. Such total amount of capital invested by the private equity fund does not give effect to the allocation of realized and unrealized carried interest or the payment of any applicable management fees or operating expenses.
- (3) As of December 31, 2021, we managed ten main private equity funds, including seven under our Huaxing Growth Capital and three under our Huaxing Healthcare Capital. As of December 31, 2022, we managed eleven main private equity funds, including eight under our Huaxing Growth Capital and three under our Huaxing Healthcare Capital.

Segment Revenue and Net Investment Gains or Losses

For the investment management segment, management fees increased by 21.3% from RMB408.0 million for the year ended December 31, 2021 to RMB495.0 million for the year ended December 31, 2022. This increase was primarily in connection with the increased capital commitment after first closing of Huaxing Growth Capital USD Fund IV in September, 2021 and first closing of Huaxing Growth Capital RMB Fund IV in April, 2022. The committed capital increased 11.7% from RMB32.7 billion as of December 31, 2021 to RMB36.6 billion as of December 31, 2022. Net investment gains from the investment management business mainly represents the investment income from the investments in our own private equity funds and third-party private equity funds. Net investment losses were RMB70.3 million for the year ended December 31, 2022, as compared to RMB473.7 million of net investment gains for the year ended December 31, 2021. Drastic volatilities in secondary markets in 2022 inevitably affected the mark-to-market valuations in our investment management business, despite our active management of public market positions within investment portfolios.

As of December 31, 2022, the total return of three main funds and six project funds have successfully exceeded the agreed return level in the governing agreement, and it is highly improbable that a significant reversal in the amount of cumulative return will occur. Accordingly, the Group was entitled to a performance-based fee and recognized this fee as income from carried interest. The carried interest to management team and other parties was recognized as an operating expense. During the year ended December 31, 2022, RMB402.4 million of realized income from carried interest from three main funds and five project funds was recognized, which increased significantly from RMB28.8 million for the year ended December 31, 2021.

Segment Operating Expenses

For the investment management segment, segment operating expenses increased from RMB370.3 million for the year ended December 31, 2021 to RMB672.6 million for the year ended December 31, 2022. This increase was primarily due to (i) an increase in provision of impairment loss under expected credit loss model, please see note 7 of consolidated financial statements for further details, (ii) an increase in carried interest to management team and other parties, and partially offset by a decrease in compensation and benefits and an increase in investment losses attributable to interest holders of consolidated structured entities.

Segment Operating Profit

For the investment management segment, segment operating profit was RMB174.9 million and RMB540.2 million for the year ended December 31, 2022 and 2021, respectively.

CR Securities

The following table sets forth segment revenue, segment operating expenses, and segment operating (loss)/profit for the years indicated.

	For the Year Ended		Change	% of change
	2022	2021		
	RMB'000	RMB'000	RMB'000	
CR Securities				
Transaction and advisory fees	157,428	118,771	38,657	32.5%
Interest income	18,751	32,322	(13,571)	-42.0%
Segment revenue	176,179	151,093	25,086	16.6%
Net investment gains	28,641	258,540	(229,899)	-88.9%
Segment revenue and net investment gains	204,820	409,633	(204,813)	-50.0%
Compensation and benefit expenses	(247,017)	(218,331)	(28,686)	13.1%
Investment losses/(gains) attributable to interest holders of consolidated asset management schemes	650	(965)	1,615	n.m.
Impairment loss under expected credit loss model, net of reversal	79	(796)	875	n.m.
Finance cost	(20,795)	(36,488)	15,693	-43.0%
Other operating expenses	(85,263)	(75,048)	(10,215)	13.6%
Segment operating expenses	(352,346)	(331,628)	(20,718)	6.2%
Segment operating (loss)/profit	(147,526)	78,005	(225,531)	n.m.

Segment Revenue and Net Investment Gains

For the CR Securities segment, segment revenue was RMB176.2 million for the year ended December 31, 2022, an increase of 16.6% from RMB151.1 million for the year ended December 31, 2021. This increase was primarily due to an increase in equity underwriting revenue for the IPO in the STAR market of Shanghai Stock Exchange and the IPO in the Growth Enterprise Board of Shenzhen Stock Exchange. Net investment gains decreased from RMB258.5 million for the year ended December 31, 2021 to RMB28.6 million for the year ended December 31, 2022. This decrease was primarily due to decrease in investment income from principal investment and co-investments in previously underwritten IPO projects on Science and Technology Innovation Board, affected by A share volatilities.

Segment Operating Expenses

For the CR Securities segment, segment operating expenses increased by 6.2% from RMB331.6 million for the year ended December 31, 2021 to RMB352.3 million for the year ended December 31, 2022. This was primarily due to the increase in compensation and benefit expenses and other operating expenses, resulting from the expansion of business, and partially offset by a decrease in finance cost.

Segment Operating (Loss)/Profit

For the CR Securities segment, segment operating loss for the year ended December 31, 2022 was RMB147.5 million, which was a shift from segment operating profit of RMB78.0 million for the year ended December 31, 2021.

Others

The others segment mainly comprises of wealth management business, and investment and management of our own funds. Wealth management business provides value-added wealth management services for high net worth individuals and other high net worth groups represented by new-economy entrepreneurs.

The following table sets forth segment revenue, segment operating expenses and segment operating loss for the years indicated.

	For the Year Ended		Change	% of change
	December 31,			
	2022	2021		
	RMB'000	RMB'000	RMB'000	
Others				
Segment revenue	69,974	71,942	(1,968)	-2.7%
Segment revenue and net investment gains	111,714	83,182	28,532	34.3%
Compensation and benefit expenses	(89,093)	(74,289)	(14,804)	19.9%
Impairment loss under expected credit loss model, net of reversal	(87)	1,230	(1,317)	n.m.
Finance cost	(62,117)	(35,948)	(26,169)	72.8%
Other operating expenses	(30,270)	(38,909)	8,639	-22.2%
Segment operating expenses	(181,567)	(147,916)	(33,651)	22.8%
Segment operating loss	(69,853)	(64,734)	(5,119)	7.9%

Segment Revenue and Net Investment Gains

For the others segment, total revenue and net investment gains were RMB111.7 million for the year ended December 31, 2022, an increase of 34.3% from RMB83.2 million for the year ended December 31, 2021. This increase was primarily due to increase in investment gains generated from cash management products.

Segment Operating Expenses

For the others segment, segment operating expenses increased by 22.8% from RMB147.9 million for the year ended December 31, 2021 to RMB181.6 million for the year ended December 31, 2022.

Segment Operating Loss

For the others segment, total segment operating loss was RMB69.9 million and RMB64.7 million for the year ended December 31, 2022 and 2021, respectively.

Revenue and Net Investment Gains

The following table sets forth a breakdown of revenue and net investment gains by type for the years indicated.

	For the year ended		Change	% of change
	2022	2021		
	RMB'000	RMB'000	RMB'000	
Transaction and advisory fees	578,872	1,198,536	(619,664)	-51.7%
Management fees	529,032	442,102	86,930	19.7%
Interest income	75,123	75,030	93	0.1%
Income from carried interest	402,353	28,815	373,538	1,296.3%
Total revenue	1,585,380	1,744,483	(159,103)	-9.1%
Net investment gains	1,509	759,528	(758,019)	-99.8%
Total revenue and net investment gains	1,586,889	2,504,011	(917,122)	-36.6%

Total revenue was RMB1,585.4 million for the year ended December 31, 2022, a decrease of 9.1% from RMB1,744.5 million for the year ended December 31, 2021.

- Transaction and advisory fees were RMB578.9 million, a decrease of 51.7% from the prior year.
- Management fees increased to RMB529.0 million, an increase of 19.7% from the prior year.
- Interest income was RMB75.1 million, an increase of 0.1% from the prior year.
- Realized income from carried interest was RMB402.4 million, an increase of 1,296.3% from the prior year.

Net investment gains were mainly derived from investments in our own private equity funds, third-party private equity funds, listed equity investments, wealth management related products, structured finance related products, financial bonds and other cash management products. Net investment gains decreased from RMB759.5 million for the year ended December 31, 2021 to RMB1.5 million for the year ended December 31, 2022.

Total revenue and net investment gains were RMB1,586.9 million for the year ended December 31, 2022, a decrease of 36.6% from RMB2,504.0 million for the year ended December 31, 2021.

Operating Expenses

Total operating expenses increased by 3.0% from RMB1,641.2 million for the year ended December 31, 2021 to RMB1,690.8 million for the year ended December 31, 2022.

Compensation and benefit expenses were RMB753.2 million and RMB1,099.3 million for the year ended December 31, 2022 and 2021, respectively. Among compensation and benefit expenses, share-based compensation increased by 81.0% from RMB62.7 million for the year ended December 31, 2021 to RMB113.5 million for the year ended December 31, 2022.

Finance costs were RMB112.5 million and RMB112.5 million for the year ended December 31, 2022 and 2021, respectively.

Provision of impairment losses under expected credit loss model increased from RMB46.4 million for the year ended December 31, 2021 to RMB244.5 million for the year ended December 31, 2022 for prudent considerations.

Investment losses attributable to interest holders of consolidated structured entities were RMB33.6 million and RMB0.4 million for the year ended December 31, 2022 and 2021, respectively.

Carried interest to management team and other parties increased from RMB11.7 million for the year ended December 31, 2021 to RMB259.3 million for the year ended December 31, 2022, in line with the increase in income from carried interest.

Other operating expenses decreased by 4.5% from RMB371.7 million for the year ended December 31, 2021 to RMB354.9 million for the year ended December 31, 2022.

Operating (Loss)/Profit

Operating loss was RMB103.9 million for the year ended December 31, 2022, as compared to RMB862.8 million of operating profit for the year ended December 31, 2021.

Other Income, Gains or Losses

Other losses were RMB19.4 million for the year ended December 31, 2022, as compared to RMB27.8 million of other gains for the year ended December 31, 2021. Other gains or losses mainly came from government grants, net exchange (loss)/gain, gain on disposal of associates and impairment loss on investment in a joint venture. Please refer to note 8 of the consolidated financial statements for further details.

Investment (Loss)/Income arising from Certain Incidental and Ancillary Investments

Incidental to, and ancillary of, our business operations, we have made investments from time to time, the primary types of which include strategic minority equity investments. We make strategic minority equity investments primarily to establish long-term business relationships with selected companies to facilitate our business. These companies operate in various new economy sectors, such as data service and information technology, and we leverage their expertise to enhance our various business operations.

Investment loss arising from certain incidental and ancillary investments was RMB171.5 million for the year ended December 31, 2022, as compared to RMB135.6 million of investment income arising from certain incidental and ancillary investments for the year ended December 31, 2021, resulting from the depreciation in value of strategic minority equity investments.

Share of Results of Associates

Share of loss of associates decreased from RMB7.7 million for the year ended December 31, 2021 to RMB0.4 million for the year ended December 31, 2022.

Share of Results of a Joint Venture

Share of loss of a joint venture decreased from RMB6.7 million for the year ended December 31, 2021 to RMB5.8 million for the year ended December 31, 2022.

Change in Fair Value of Call Option

The Special Administrative Measures for Access of Foreign Investment (Negative List) (2018 Edition) was promulgated on June 28, 2018 and became effective on July 28, 2018, pursuant to which the limit of ownership percentage by foreign investors in a securities company increased from 49% to 51%. On March 13, 2020, the China Securities Regulatory Commission (“CSRC”) announced an elimination of foreign equity cap in securities companies starting from April 1, 2020. Qualified foreign investors can render applications to establish new wholly-owned securities companies or change actual controllers in their existing joint ventures according to Chinese laws, regulations and applicable rules and service guides of the CSRC. Our call option to acquire the non-controlling interests in CR Securities is substantially exercisable and is mandatorily measured at fair value through profit or loss as a derivative in accordance with IFRS. A loss of RMB82.0 million for the year ended December 31, 2022 was recorded under the change in fair value of call option.

(Loss)/Profit before Tax

Loss before tax was RMB383.0 million for the year ended December 31, 2022, as compared to RMB1,855.9 million of profit before tax for the year ended December 31, 2021.

Income Tax Expense

Income tax expense was RMB71.0 million and RMB210.5 million for the year ended December 31, 2022 and 2021, respectively.

(Loss)/Profit for the Year and (Loss)/Profit for the Year Attributable to Owners of the Company

Loss for the year was RMB454.0 million for the year ended December 31, 2022, as compared to RMB1,645.4 million of profit for the year ended December 31, 2021. Loss for the year attributable to owners of the Company was RMB429.9 million for the year ended December 31, 2022, as compared to RMB1,624.4 million of profit for the year attributable to owners of the Company for the year ended December 31, 2021.

Adjusted Net (Loss)/Profit Attributable to Owners of the Company

Adjusted net loss attributable to owners of the Company without unrealized net carried interest was RMB234.4 million for the year ended December 31, 2022, as compared to RMB842.9 million of adjusted net profit attributable to owners of the Company without unrealized net carried interest for the year ended December 31, 2021. Unrealized net carried interest, calculated as unrealized income from carried interest subtracting carried interest to management team and other parties, was a reverse of RMB216.6 million and a reverse of RMB257.0 million for the year ended December 31, 2022 and 2021, respectively. Adjusted net loss attributable to owners of the Company with unrealized net carried interest was RMB451.1 million for the year ended December 31, 2022, as compared to RMB585.9 million of adjusted net profit attributable to owners of the Company with unrealized net carried interest for the year ended December 31, 2021.

Off-Balance Sheet Commitments and Arrangements

As of December 31, 2022, we had not entered into any off-balance sheet transactions.

Capital Structure

We manage our capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of our capital structure.

The Group has maintained sound financial strength during the year ended December 31, 2022. The Group is aware of the need to use capital for further business expansion, continuously seeking various means of financing. As of December 31, 2022, the Group had RMB2,115.0 million of outstanding bank borrowings and held credit facilities from authorized institutions in aggregate principal amount of RMB5,073.4 million. As of December 31, 2022, the Group had RMB3,132.7 million of cash and cash equivalents, term deposits, pledged bank deposits and highly liquid cash management products. Besides, the Group also had RMB2,092.5 million of highly liquid financial assets which mainly comprise of listed corporate bonds.

Gearing Ratio

The gearing ratio of the Group, which is calculated as total liabilities divided by total assets, excluding the effect of right-of-use assets, lease liabilities, open trade receivable, open trade payable, payable to interest holders of consolidated structured entities, cash held on behalf of brokerage clients and payable to brokerage clients, receivable on behalf of underwriting clients and payable to underwriting clients was 31.6% as of December 31, 2022, compared with 35.3% as of December 31, 2021.

Significant Investments Held

The following table sets forth the fair value of investments of our primary investment activities as of the dates indicated.

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Investments in our own private equity funds in our capacity as a general partner and limited partner	1,363,650	3,271,627
Investments in third-party private equity funds in our capacity as a limited partner	1,092,716	1,104,043
Strategic minority equity investments		
— Investments in the form of preferred shares of other companies	278,222	291,089
— Equity holdings in non-associate companies	212,331	303,400
Total	<u>2,946,919</u>	<u>4,970,159</u>

As of December 31, 2022, the Group had investments of our primary investment activities amounting to an aggregate of approximately RMB2,946.9 million measured in fair value, which decreased by 40.7% as compared to December 31, 2021. Each investment was individually less than 5% of the total assets of the Group as of December 31, 2022.

Future Plans for Material Investments and Capital Assets

The Group did not have any plans for material investments and capital assets as at December 31, 2022.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

The Group did not have material acquisitions and disposals of subsidiaries and affiliated companies for the year ended December 31, 2022.

Employee and Remuneration Policy

As of December 31, 2022, we had 754 full-time employees, including over 85% of whom are advisory and investment professionals.

The following table sets forth the number of our employees by function as of December 31, 2022.

Function	Number of Employees	Percentage
Investment Banking	199	27%
Investment Management	93	12%
CR Securities	310	41%
Others	37	5%
Group Middle and Back Office	115	15%
Total	754	100%

The following table sets forth the number of our employees by geographic region as of December 31, 2022.

Geographic Region	Number of Employees	Percentage
Beijing, China	315	42%
Shanghai, China	250	33%
Other cities in China	57	8%
Hong Kong	114	15%
United States	15	2%
Singapore	3	—%
Total	754	100%

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees performance-based cash bonuses and other incentives in addition to base salaries. As of December 31, 2022, 110 grantees held options granted under the ESOP (as defined in the Prospectus) and restricted shares under the RSU Plan (as defined in the Prospectus) which remained outstanding. The total remuneration expenses, including share-based payment expense, for the year ended December 31, 2022 were RMB753.2 million.

Foreign Exchange Risk

Foreign currency risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Although we operate businesses in different countries, our primary subsidiaries operate in the PRC with most of the transactions settled in RMB. When considered appropriate, we enter into hedging activities with regard to exchange rate risk. During the year ended December 31, 2022, we used foreign currency forward contracts for hedging purposes. As of December 31, 2022, we did not hedge or use any financial instruments for hedging purposes.

Pledge of Assets

As of December 31, 2022, the Company pledged one US\$ bank deposit of US\$8.4 million (equivalent to approximately RMB58.4 million) to secure our long term credit facilities.

Contingent Liabilities

As of December 31, 2022, we did not have any material contingent liabilities.

FINAL DIVIDENDS

The Board does not recommend the distribution of a final dividend for the year ended December 31, 2022.

The Company has adopted a dividend policy (the “**Dividend Policy**”), which aims to increase or maintain the value of dividends per share of the Company, to provide reasonable return in investment of investors, and to allow the Shareholders to assess its dividend payout trend and intention.

Pursuant to the Dividend Policy, a dividend may only be declared and paid out of the profits and reserves of the Company lawfully available for distribution (including share premium), and may not be declared and paid out if this would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. The Board has absolute discretion on whether to pay a dividend and alternatively, the Shareholders may by ordinary resolution declare dividends but no dividend may be declared in excess of the amount recommended by the Board. In addition, the Company does not currently have a fixed dividend payout ratio. If the Board decides to pay dividends, the form, frequency and amount of dividends will depend on, among other things, (a) current and future operations, and future business prospects, (b) the Company’s liquidity position, cash flows, general financial condition, capital adequacy ratio and capital requirements, and (c) the availability of dividends received from subsidiaries and associates in light of statutory and regulatory restrictions on the payment of dividends.

During the year ended December 31, 2022, a final dividend of RMB38 cents per share in respect of the year ended December 31, 2021 (2021: RMB38 cents per share in respect of the year ended December 31, 2020) was declared to owners of the Company. The aggregate amount of the final dividend declared in the year ended December 31, 2022 amounted to RMB201.1 million (2021: RMB197.3 million), and such cash dividend was paid on July 22, 2022 (2021: paid on July 22, 2021).

The following table sets forth our dividend declarations for the years indicated.

	For the year ended	
	December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Dividends to Shareholders	201,114	197,319

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated in the Cayman Islands on July 13, 2011 with limited liability, and the Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on September 27, 2018.

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

1. Compliance with the Corporate Governance Code

During the Reporting Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) except for the following deviation.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Bao Fan was the Chairman and Chief Executive Officer of the Company during the Reporting Period. As of the date of this announcement, Mr. Xie Yi Jing is the Chairman and Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and would enable more effective and efficient overall strategic planning for the Group. Furthermore, the Board considers that the balance of power and authority for the present arrangement would not be impaired and this structure would enable the Company to make and implement decisions promptly and effectively. The Board also noted that the executive committee (details of which will be set out in the annual report of the Company for the year ended December 31, 2022) has played a complementary role to the Chief Executive Officer in the decision-making process. The Board will continue to review and consider splitting the roles of Chairman and Chief Executive Officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Furthermore, in light of the amendments to the CG Code which came into effect on January 1, 2022 and imposed additional requirements applicable to corporate governance reports for the financial year commencing on or after January 1, 2022, the Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the latest version of the CG Code. Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended December 31, 2022.

2. Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the Reporting Period.

3. Scope of Work of the Company’s Auditor

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in this annual results announcement have been agreed by the Group’s auditor, Zhonghui Anda CPA Limited (the “**Auditor**”), to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by the Auditor on this annual results announcement.

4. Audit Committee

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely, Ms. Yao Jue, Mr. Ye Junying and Mr. Zhao Yue. Ms. Yao Jue is the chairman of the Audit Committee.

The Audit Committee has reviewed the audited consolidated financial statements and annual results of the Group for the year ended December 31, 2022 and has met with the Auditor. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

5. Other Board Committees

In addition to the Audit Committee, the Company has also established a nomination committee, a remuneration committee, an executive committee and an environmental, social and governance committee.

6. Changes in Directors’ Information

With effect from February 2, 2024, (i) Mr. Bao Fan has resigned as an executive Director, the Chairman of the Board, the Chief Executive Officer of the Company, the chairman of the Nomination Committee, the chairman of the Executive Committee and member of the Remuneration Committee; (ii) Mr. Xie Yi Jing was appointed as the Chairman of the Board, the Chief Executive Officer of the Company, the chairman of the Nomination Committee, the chairman of the Executive Committee and member of the Remuneration Committee; (iii) Mr. Lam Ka Cheong Jason was appointed as an executive Director and Vice-Chairman of the Board; (iv) Mr. Du Yongbo was appointed as an executive Director; (v) each of Mr. Wang Lixing and Mr. Du Yongbo was appointed as Co-President of the Group, in addition to their role as executive Director; and (vi) Ms. Sun Chin Hung was appointed as a non-executive Director. Please refer to the Company’s announcement dated February 2, 2024 in relation to the changes of directors for more details.

Save as disclosed above, during the Reporting Period and up to the date of this announcement, there is no change in information of Directors of the Company which shall be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

7. Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period other than acted as an agent for the trustee of the Company's RSU Plan.

8. Material Litigation

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period.

9. Use of Proceeds from Global Offering

On September 27, 2018, the Shares were listed on the Main Board of the Stock Exchange. The net proceeds from the global offering were approximately HK\$2,517.6 million after deducting underwriting commissions and other expenses paid and payable by us in the Global Offering (as defined in the Prospectus). There was no change in the intended use of net proceeds as previously disclosed in the Prospectus.

As at December 31, 2022, approximately HK\$2,481.2 million of the net proceeds had been utilized. The following table sets forth the status of use of proceeds from the Company's IPO as of December 31, 2022.

		Net proceeds from the IPO HK\$ million	Actual usage up to December 31, 2021 HK\$ million	Actual usage during the year ended December 31, 2022 HK\$ million	Balance of net proceeds as of December 31, 2022 HK\$ million	Expected timeline of full utilisation of the balance
Expand our investment banking business	40%	1,007.0	1,007.0	—	—	—
Expand our investment management business	20%	503.5	503.5	—	—	—
Develop private wealth management business	20%	503.5	503.5	—	—	—
Invest in technology across all our business lines	10%	251.8	157.9	57.5	36.4	2023
General corporate purposes	10%	251.8	251.8	—	—	—
Total		<u>2,517.6</u>	<u>2,423.7</u>	<u>57.5</u>	<u>36.4</u>	

10. Extract from Independent Auditor’s Report

The following is an extract of the independent auditor’s report on the Group’s audited consolidated financial statements for the year ended December 31, 2022. The report includes an emphasis of matter, without modification.

“Opinion

We have audited the consolidated financial statements of China Renaissance Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 133 to 275, which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter — Events after the Reporting Period

We draw attention to note 52(a) to the consolidated financial statements which describes the Incidents in relation to Mr. Bao Fan subsequent to the year ended December 31, 2022. Our opinion is not modified in respect of this matter.”

The reference above to note 52(a) to the consolidated financial statements is to note 11(a) in this section under “Subsequent Events After the Reporting Period — The Incidents in relation to Mr. Bao Fan” in this announcement. The content of those two notes are expected to be identical.

11. Subsequent Events after the Reporting Period

(a) *The Incidents in relation to Mr. Bao Fan*

Subsequent to the end of the Reporting Period, the Company disclosed in its announcements dated February 16, 2023, February 26, 2023, August 9, 2023 (the “**Announcements**”), that the board of directors of the Company noted that Mr. Bao Fan, the controlling shareholder of the Company, previous chairman of the board of directors, executive director and chief executive officer of the Company was in cooperation with an investigation by the relevant authority in the PRC (the “**Matter**”). The Company announced on February 2, 2024 that, with effect from that day, Mr. Bao Fan resigned as an executive director, the chairman of the board of directors and the chief executive officer of the Company. In the last quarter of 2023, as per notification received, the Group paid certain restricted amounts of approximately RMB77,669,000 in relation to the Matter (“**Restricted Amounts**”). All of these events are collectively referred to as “the Incidents”.

Save as disclosed above and elsewhere in these consolidated financial statements, the directors of the Company are not aware of any other significant impact on the business operation of the Group arising from the Incidents. Should the Company become aware of any changes with respect to this assessment, it would make further announcements as and when appropriate.

(b) Settlement agreement with Huaxing Growth Capital RMB Fund IV (“HGC RMB Fund IV”)

On March 11, 2024, the Company and HGC RMB Fund IV entered into the settlement agreement. Pursuant to that agreement, the Company agreed to accept transfer of the relevant interests of certain equity investments held by HGC RMB Fund IV at approximately RMB790,772,000. HGC RMB Fund IV is required to apply such payment in full settlement of the outstanding investment amount, following which the outstanding amounts unpaid by HGC RMB Fund IV to the Group (amounting to approximately RMB90,072,000 as at December 31, 2023) will no longer be payable. For details, please see the announcement of the Company dated March 11, 2024. The settlement was completed in July 2024.

(c) Grant of RSUs pursuant to the 2018 RSU Plan

On July 1, 2023, the Company granted 2,792,152 RSUs to 50 grantees, which will vest on the date that is three years following the vesting commencement date of July 1, 2023. No performance target is attached to the RSUs granted.

(d) Exit Agreement

On August 30, 2024, Shanghai Huijia Investment Advisor Co., Ltd (“**Shanghai Huijia**”) and China Renaissance Broking Services (Hong Kong) Limited (“**CR Broking**”) (both are wholly-owned subsidiaries of the Company) entered into an exit agreement (“**Exit Agreement**”) with other parties. Under the Exit Agreement, one of the parties to the Exit Agreement (“**Think Trader**”) agreed to repurchase from Shanghai Huijia 10% equity interest in Think Trader at the total consideration of RMB202 million, and CR Broking agreed to acquire from Think Trader 40.8163% equity interest in a company incorporated in the PRC which holds approximately 3.49% equities interest in CR Securities at the consideration of RMB100 million. For details, please refer to the announcement of the Company dated August 30, 2024.

Save as disclosed above, no important events affecting the Company have occurred since December 31, 2022 and up to the date of this announcement.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED DECEMBER 31, 2022

		Year ended December 31,	
		2022	2021
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue			
Transaction and advisory fees		578,872	1,198,536
Management fees		529,032	442,102
Interest income		75,123	75,030
Income from carried interest		402,353	28,815
		<hr/>	<hr/>
Total revenue	3	1,585,380	1,744,483
Net investment gains	4	1,509	759,528
		<hr/>	<hr/>
Total revenue and net investment gains		1,586,889	2,504,011
		<hr/>	<hr/>
Compensation and benefit expenses		(753,232)	(1,099,288)
Carried interest to management team and other parties		(259,288)	(11,734)
Investment losses attributable to interest holders of consolidated structured entities		33,579	355
Other operating expenses	5	(354,860)	(371,659)
Finance costs	6	(112,453)	(112,481)
Impairment losses under expected credit loss model, net of reversal	7	(244,501)	(46,400)
		<hr/>	<hr/>
Total operating expenses		(1,690,755)	(1,641,207)
		<hr/>	<hr/>
Operating (loss)/profit		(103,866)	862,804
		<hr/>	<hr/>
Other income, gains or losses	8	(19,408)	27,751
Investment (loss)/income arising from certain incidental and ancillary investments	9	(171,489)	135,585
Share of results of associates		(430)	(7,712)
Share of results of a joint venture		(5,814)	(6,694)
Change in fair value of call option		(82,000)	844,170
		<hr/>	<hr/>
(Loss)/profit before tax		(383,007)	1,855,904
Income tax expense	10	(70,971)	(210,519)
		<hr/>	<hr/>
(Loss)/profit for the year	11	(453,978)	1,645,385
		<hr/>	<hr/>

	Notes	Year ended December 31,	
		2022 RMB'000	2021 RMB'000
Other comprehensive income/(expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		88,729	(194,273)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		168,916	123,247
Fair value gain or loss, net of expected credit losses on:			
— debt instruments measured at fair value through other comprehensive income, net of tax		(2,630)	2,434
Other comprehensive income/(expense) for the year, net of tax		255,015	(68,592)
Total comprehensive (expense)/income for the year		(198,963)	1,576,793
(Loss)/profit for the year attributable to:			
— Owners of the Company		(429,901)	1,624,362
— Non-controlling interests		(24,077)	21,023
		(453,978)	1,645,385
Total comprehensive (expense)/income attributable to:			
— Owners of the Company		(175,870)	1,555,417
— Non-controlling interests		(23,093)	21,376
		(198,963)	1,576,793
(Loss)/earnings per share			
Basic	12	RMB(0.85)	RMB3.27
Diluted	12	RMB(0.85)	RMB3.09

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2022

		As at December 31,	
		2022	2021
	Notes	RMB'000	RMB'000
Non-current assets			
Property and equipment		129,067	178,243
Intangible assets		119,031	88,953
Deferred tax assets		160,960	168,536
Investments in associates	14	1,417,957	1,615,923
Investment in a joint venture		—	43,306
Financial assets at fair value through profit or loss	15	2,049,359	3,981,583
Financial assets at fair value through other comprehensive income	16	111,908	359,610
Rental deposits		18,868	19,107
Loans to third parties	17	86,574	—
		<u>4,093,724</u>	<u>6,455,261</u>
Current assets			
Accounts and other receivables	18	1,252,730	760,118
Financial assets purchased under resale agreements	19	4,715	109,005
Loans to third parties	17	—	4,579
Amounts due from related parties	20	1,330,377	64,682
Financial assets at fair value through profit or loss	15	3,315,794	2,894,129
Financial assets at fair value through other comprehensive income	16	245,764	50,600
Term deposits		500,207	208,778
Pledged bank deposits		58,350	21,054
Cash held on behalf of brokerage clients		738,166	1,211,127
Cash and cash equivalents		1,537,730	2,381,646
Other financial assets		—	3,187
		<u>8,983,833</u>	<u>7,708,905</u>
TOTAL ASSETS		<u>13,077,557</u>	<u>14,164,166</u>

		As at December 31,	
		2022	2021
	Notes	RMB'000	RMB'000
Current liabilities			
Accounts and other payables	21	1,718,928	1,036,061
Financial assets sold under repurchase agreements	22	150,065	760,022
Short-term debt instrument issued	23	236,648	160,954
Payable to brokerage clients		738,166	1,211,127
Payables to interest holders of consolidated structured entities		223,046	390,299
Amounts due to related parties		1,728	13,185
Contract liabilities		23,745	59,713
Bank borrowings	24	611,927	587,596
Lease liabilities	25	55,366	57,423
Income tax payables		133,587	180,976
		<u>3,893,206</u>	<u>4,457,356</u>
Net current assets		<u>5,090,627</u>	<u>3,251,549</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,184,351</u>	<u>9,706,810</u>
Non-current liabilities			
Lease liabilities	25	54,460	94,638
Bank borrowings	24	1,512,566	1,625,804
Contract liabilities		5,916	6,671
Deferred tax liabilities		72,129	72,182
		<u>1,645,071</u>	<u>1,799,295</u>
NET ASSETS		<u>7,539,280</u>	<u>7,907,515</u>
Capital and reserves			
Share capital	26	93	90
Reserves		6,501,397	6,825,942
Equity attributable to owners of the Company		<u>6,501,490</u>	<u>6,826,032</u>
Non-controlling interests		<u>1,037,790</u>	<u>1,081,483</u>
		<u>7,539,280</u>	<u>7,907,515</u>

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on July 13, 2011 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its ultimate controlling party is Mr. Bao Fan, who is also the previous chairman and executive director of the Company (resigned on February 2, 2024). The address of the registered office and principal place of business of the Company in the People’s Republic of China (the “**PRC**” or “**China**”) are The offices of Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY 1-1104, Cayman Islands and Pacific Century Place, Gate 1, Space 8, No. 2A Workers’ stadium North Road, Chaoyang District, Beijing 100027, China, respectively.

The shares of the Company have been listed on the Stock Exchange with effect from September 27, 2018.

The principal activities of the Group are the provision of investment banking and investment management services.

The financial statements are presented in RMB and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised IFRSs issued by the International Accounting Standards Board (the “**IASB**”) that are relevant to its operations and effective for its accounting year beginning on January 1, 2022. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The application of these new and revised IFRSs will not have material impact on the financial statements of the Group.

3. REVENUE AND SEGMENT INFORMATION

For the purposes of resources allocation and assessment of segment performance, the executive directors of the Company, being the chief operating decision maker (“**CODM**”), regularly review types of services delivered or provided by focusing on different business models. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable segments under IFRS 8 *Segment* are as follows:

- (a) The investment banking is a segment of the Group’s operations whereby the Group provides (i) early to late stage financial advisory, merger & acquisition advisory inside and outside mainland China, equity underwriting, sales, trading, and brokerage, and research in Hong Kong and the United States of America (the “**USA**”); and (ii) structured financing dedicated to exploring and developing non-equity financing services for new-economy firms;
- (b) The investment management is a segment of the Group’s operations whereby the Group provides fund and asset management for individual and institutional clients, and manages its own investment in funds to obtain investment returns;
- (c) CR Securities comprises the Group’s investment banking and asset management businesses in mainland China, which overlap with the other two segments in nature but are otherwise separately operated and focuses on regulated securities market in mainland China and has an independent risk control framework; and
- (d) Others mainly comprise of wealth management business, and investment and management of its own funds. Wealth management business provides value-added wealth management services for high-net-worth individuals and other high net worth groups represented by new-economy entrepreneurs, and this business also helps the Group integrate and enhance investment and management of its own funds.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

	Year ended December 31, 2022				Total consolidated RMB'000
	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000	
Transaction and advisory fees	421,444	—	157,428	—	578,872
Management fees	—	495,036	—	33,996	529,032
Interest income	—	20,394	18,751	35,978	75,123
Income from Carried Interest (<i>note</i>)	—	402,353	—	—	402,353
Total revenue	421,444	917,783	176,179	69,974	1,585,380
Net investment gains/(losses)	1,380	(70,252)	28,641	41,740	1,509
Total revenue and net investment gains	422,824	847,531	204,820	111,714	1,586,889
Compensation and benefit expenses	(308,352)	(108,770)	(247,017)	(89,093)	(753,232)
Carried interest to management team and other parties (<i>note</i>)	—	(259,288)	—	—	(259,288)
Investment losses attributable to interest holders of consolidated structured entities	—	32,929	650	—	33,579
Other operating expenses	(137,801)	(101,526)	(85,263)	(30,270)	(354,860)
Finance costs	—	(29,541)	(20,795)	(62,117)	(112,453)
Impairment losses under expected credit loss model, net of reversal	(38,055)	(206,438)	79	(87)	(244,501)
Operating (loss)/profit	(61,384)	174,897	(147,526)	(69,853)	(103,866)
Other income, gains or losses					(19,408)
Investment loss arising from certain incidental and ancillary investments					(171,489)
Share of results of associates					(430)
Share of results of a joint venture					(5,814)
Change in fair value of call option					(82,000)
Loss before tax					(383,007)
Income tax expense					(70,971)
Loss for the year					(453,978)

	Year ended December 31, 2021				Total consolidated RMB'000
	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000	
Transaction and advisory fees	1,079,765	—	118,771	—	1,198,536
Management fees	—	407,995	—	34,107	442,102
Interest income	4,873	—	32,322	37,835	75,030
Income from Carried Interest (<i>note</i>)	—	28,815	—	—	28,815
	<u>1,084,638</u>	<u>436,810</u>	<u>151,093</u>	<u>71,942</u>	<u>1,744,483</u>
Total revenue	1,084,638	436,810	151,093	71,942	1,744,483
Net investment gains	16,018	473,730	258,540	11,240	759,528
	<u>1,100,656</u>	<u>910,540</u>	<u>409,633</u>	<u>83,182</u>	<u>2,504,011</u>
Total revenue and net investment gains	1,100,656	910,540	409,633	83,182	2,504,011
Compensation and benefit expenses	(592,309)	(214,359)	(218,331)	(74,289)	(1,099,288)
Carried interest to management team and other parties (<i>note</i>)	—	(11,734)	—	—	(11,734)
Investment losses/(gains) attributable to interest holders of consolidated structured entities	—	1,320	(965)	—	355
Other operating expenses	(154,016)	(103,686)	(75,048)	(38,909)	(371,659)
Finance costs	—	(40,045)	(36,488)	(35,948)	(112,481)
Impairment losses under expected credit loss model, net of reversal	(44,999)	(1,835)	(796)	1,230	(46,400)
	<u>309,332</u>	<u>540,201</u>	<u>78,005</u>	<u>(64,734)</u>	<u>862,804</u>
Operating profit/(loss)	309,332	540,201	78,005	(64,734)	862,804
Other income, gains or losses					27,751
Investment income arising from certain incidental and ancillary investments					135,585
Share of results of associates					(7,712)
Share of results of a joint venture					(6,694)
Change in fair value of call option					844,170
					<u>1,855,904</u>
Profit before tax					1,855,904
Income tax expense					(210,519)
					<u>1,645,385</u>
Profit for the year					<u>1,645,385</u>

Segment profit or loss represents the results of each segment without allocation of corporate items including other income, gains or losses, investment (loss)/income arising from certain incidental and ancillary investments, share of results of associates, share of results of a joint venture, change in fair value of call option and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Note:

The segment results of investment management reported to the CODM also include the unrealized income from Carried Interest calculated below on an as-if liquidation basis in the segment information as it is a key measure of value creation, a benchmark of the Group's performance and a major factor in the Group's decision making of resource deployment. There is a reversal of unrealized income from Carried Interest of RMB791,193,000 for the year ended December 31, 2022 (2021: a reversal of unrealized income from Carried Interest of RMB453,128,000), which are based on the underlying fair value change of the respective funds managed by the Group. The associated expense of the proportion of unrealized Carried Interest is a reversal of carried interest to management team and other parties of RMB574,563,000 for the year ended December 31, 2022 (2021: a reversal of carried interest to management team and other parties of RMB196,135,000), that would be payable to fund management teams and other third parties. The unrealized income from Carried Interest is allocated to the general partners based on the cumulative fund performance to date, subject to the achievement of minimum return levels to limited partners on an as-if liquidation basis. At the end of each reporting period, the general partners calculate the income from Carried Interest that would be due to the general partners for each fund, pursuant to the fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized.

As the fair value of underlying investments vary among reporting periods, it is necessary to make adjustments to amounts presented as income from Carried Interest to reflect either (a) positive performance in the period resulting in an increase in the Carried Interest allocated to the general partners or (b) negative performance in the period that would cause the amounts due to the general partners to be less than the amounts previously presented as revenue, resulting in a negative adjustment to the Carried Interest allocated to the general partners. The proportion of Carried Interest recognized that is allocated to fund management teams and other parties (and only payable as a proportion of any Carried Interest received) is included, on a basis consistent with such income from Carried Interest, as an expense in the investment management segment.

However, during the year ended December 31, 2022, except for RMB402,353,000 (2021: RMB28,815,000) of Carried Interest realized for certain funds, no income from Carried Interest for other funds was recognized as revenue and it will not be recognized as revenue until (a) it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur, or (b) the uncertainty associated with the variable consideration is subsequently resolved. All allocations of Carried Interest as an expense are recognized only when the amounts that will be eventually be paid out can be reliably measured, which is generally at the later stage of the applicable commitment period when the amounts are contractually payable, or "crystallized".

Segment assets and liabilities

Information of segment assets and liabilities that are available for reportable and operating segments are not provided to the CODM for their review. Therefore, no analysis of the Group's assets and liabilities by reportable and operating segments are presented.

Geographical information

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the mainland China and Hong Kong. The geographical information of the total revenues and non-current assets is as follows:

	Revenue from external customers		Non-current assets <i>(note)</i>	
	Year ended December 31,		At December 31,	
	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	1,301,970	1,121,034	233,128	328,105
Hong Kong	246,731	576,492	25,765	27,047
USA	36,679	46,957	2,558	6,052
	<u>1,585,380</u>	<u>1,744,483</u>	<u>261,451</u>	<u>361,204</u>

Note: Non-current assets excluded the deferred tax assets and the financial instruments.

Timing of revenue recognition for revenue from contract of customers

	Year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
A point of time	981,225	1,227,351
Over time	529,032	442,102
	<u>1,510,257</u>	<u>1,669,453</u>

Transaction price allocated to remaining performance obligation for contract with customers

The Group receives management fees associated with the management services for the funds that it manages, at a fixed percentage of the commitment under management. The Group also receives management fees associated with the value-added wealth management services provided to high-net-worth individuals and other high net worth groups, at a fixed percentage of assets under each investment management account. The transaction price allocated to the performance obligations in relation to the management fees that were unsatisfied as at December 31, 2022 and 2021 will be recognized as revenue on a straight-line basis over the subscription period as follows:

	As at December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	13,775	31,785
More than one year but not more than two years	3,445	2,261
More than two years but not more than three years	685	2,189
More than three years	—	750
	<u>17,905</u>	<u>36,985</u>

The transaction price allocated to the remaining performance obligations in relation to transaction and advisory fees that were unsatisfied as at December 31, 2022 and 2021 and expected timing of recognizing revenue are as follows:

	As at December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	9,970	27,928
More than one year but not more than two years	1,786	1,471
	<u>11,756</u>	<u>29,399</u>

Other segment information

	Year ended December 31, 2022				
	Investment banking	Investment management	CR Securities	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts included in the measure of segment profit or loss:					
Depreciation and amortization	33,583	19,078	29,192	4,290	86,143
Losses on disposal of property and equipment	48	—	—	—	48

	Year ended December 31, 2021				
	Investment banking	Investment management	CR Securities	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts included in the measure of segment profit or loss:					
Depreciation and amortization	38,884	13,234	30,806	7,755	90,679
Losses on disposal of property and equipment	44	—	—	—	44

Information about major customers

Customers that contribute over 10% of the total revenue of the Group are as follows:

		Year ended December 31,	
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
Customer A	Investment banking	—	236,300
Customer B	Investment management	208,186	—

4. NET INVESTMENT GAINS

	Year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Net realized and unrealized gains or losses from financial assets at FVTPL		
— Wealth management related products	(17,408)	12,050
— Asset management schemes	51,218	40,946
— Structured finance related products	4,053	16,836
— Financial bonds	19,264	8,988
— Listed equity security investments	5,647	171,326
— Unlisted equity security investments	—	51,268
— Convertible notes	12,736	—
— Unlisted investment funds at fair value	(87,045)	438,010
— Foreign currency forward contracts	43,808	—
Net realized gains from financial assets at FVTOCI		
— Financial bonds	59	5,526
Net realized gains from partially transferred investment portfolio		
— Unlisted debt security investments (<i>note</i>)	106,340	13,411
Gross (loss)/gain from consolidated structured entities		
— Asset management schemes	(2,310)	8,149
Gross (loss)/gain from investments in associates measured at fair value		
— Investment in funds	(154,193)	6,270
Net realized losses from financial liabilities at FVTPL		
— Securities borrowing	—	(36,857)
Dividend income from		
— Wealth management related products	10,790	16,869
— Listed equity security investments	3,660	4,048
— Asset management schemes	4,890	2,688
	1,509	759,528
	1,509	759,528

Note:

As the ordinary course of the investment management business, the Group holds several investment portfolios for the newly established fund managed by the Group prior to the fund's closing.

During the year ended December 31, 2022, as agreed in advance, after the first closing of the fund, the Group transferred to the fund partial interests in several subsidiaries which only hold FVTPL investments amounting to RMB1,717,435,000, and hold the remaining interest in these FVTPL investment through several structured entities accounted for as investments in associates. Total consideration of such transfer was RMB1,823,775,000 and resulted in a gain of RMB106,340,000.

During the year ended December 31, 2021, as agreed in advance, after the first closing of the fund, the Group transferred to the fund partial interests in two subsidiaries which only hold FVTPL investments amounting to RMB267,404,000, and hold the remaining interest in these FVTPL investment through two structured entities accounted for as investments in associates. Total consideration of the disposal was RMB280,815,000 and resulted in a gain of RMB13,411,000.

5. OTHER OPERATING EXPENSES

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Professional service fees	77,156	98,274
Project related and business development expenses	62,377	76,706
Short-term lease expense	982	632
Office expenses	46,489	30,946
Technology expenses	39,171	37,458
Depreciation and amortization	86,143	90,679
Auditor's remuneration	8,460	7,050
Others	34,082	29,914
	<u>354,860</u>	<u>371,659</u>

6. FINANCE COSTS

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Interest on bank borrowings	87,685	72,766
Interest on lease liabilities	4,028	4,459
Interest on financial assets sold under repurchase agreements	13,532	33,165
Interest on structured notes	7,208	2,091
	<u>112,453</u>	<u>112,481</u>

7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Impairment losses recognized on:		
Accounts receivables	38,331	8,159
Other receivables	(55)	(837)
Loans to third parties (note 17)	115,599	37,594
Amounts due from related parties (note 20)	90,685	1,461
Financial assets at FVTOCI	(59)	35
Other financial assets	—	(12)
	<u>244,501</u>	<u>46,400</u>

8. OTHER INCOME, GAINS OR LOSSES

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Government grants (<i>note a</i>)	37,553	42,002
Net exchange (loss)/gain	(53,282)	4,255
Gain on partially disposal of an associate	24,837	—
Gain on disposal of associates	—	2,239
Impairment loss on investment in a joint venture	(37,492)	(3,124)
Losses on disposal of property and equipment	(48)	(44)
Others (<i>note b</i>)	9,024	(17,577)
	<u>(19,408)</u>	<u>27,751</u>

Notes:

- a) The government grants were mainly incentives provided by local government authorities, which primarily included tax incentive awards, industry support funds granted by local government authorities in Shanghai, the PRC, based on the Group's contribution to the development of the local financial sector and government grants related to Employment Support Scheme provided by Hong Kong government.
- b) Others mainly included:
- An aggregated amount of RMB19,595,000 investment losses attributable to other interest holders of consolidated structured entities holding incidental and ancillary investments of the Group for the year ended December 31, 2022 (2021: RMB17,928,000 investment gains).
 - An aggregated amount of RMB5,243,000 charitable donations were made by the Group during the year ended December 31, 2022 (2021: RMB669,000).

9. INVESTMENT (LOSS)/INCOME ARISING FROM CERTAIN INCIDENTAL AND ANCILLARY INVESTMENTS

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Investment (loss)/income from		
— Unlisted debt security investments	(144,878)	109,253
— Unlisted equity security investments	3,590	26,332
— Convertible notes	(30,201)	—
	<u>(171,489)</u>	<u>135,585</u>

Investment (loss)/income arising from certain incidental and ancillary investments represents certain investments made from time to time, the primary type of which include investments in the form of preferred shares of other companies, and other equity holdings in non-associate companies and derivatives.

10. INCOME TAX EXPENSE

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Current tax:		
Mainland China	48,581	125,378
Hong Kong	13,991	19,404
	<u>62,572</u>	<u>144,782</u>
Deferred tax:		
Current year	8,399	65,737
Total income tax expense	<u>70,971</u>	<u>210,519</u>

The income tax expense for the year can be reconciled to the (loss)/profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
(Loss)/profit before tax	<u>(383,007)</u>	<u>1,855,904</u>
Income tax (credit)/expense calculated at 25%	(95,752)	463,976
Effect of expenses that are not deductible	204,903	71,109
Effect of share of results of associates	108	1,928
Effect of share of results of a joint venture	1,454	1,674
Effect of income that are not taxable	(75,185)	(363,833)
Effect of tax losses not recognized	44,963	114,333
Utilization of tax losses previously not recognized	(7,800)	(3,088)
Effect of different tax rates of subsidiaries	<u>(1,720)</u>	<u>(75,580)</u>
Income tax expense	<u>70,971</u>	<u>210,519</u>

11. (LOSS)/PROFIT FOR THE YEAR

(Loss)/profit for the year has been arrived at after charging:

	Year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Directors' remuneration:		
— Fees	862	920
— Salaries and other benefits	9,477	8,546
— Performance related bonus	—	20,990
— Retirement benefit scheme contributions	292	269
— Equity-settled share-based payments expenses	23,463	19,213
Other staff costs:		
— Salaries, bonus and other allowances	605,477	984,291
— Retirement benefit scheme contributions	23,646	21,569
— Equity-settled share-based payments expenses	90,015	43,490
Total staff costs	<u>753,232</u>	<u>1,099,288</u>
Depreciation of property and equipment	68,659	77,908
Amortization of intangible assets	17,484	12,771
Losses on disposal of property and equipment	<u>48</u>	<u>44</u>

12. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the owners of the Company is based on the following data:

	Year ended December 31,	
	2022	2021
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share:		
(Loss)/profit for the year attributable to owners of the Company (RMB'000)	<u>(429,901)</u>	<u>1,624,362</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	507,207,390	496,009,240
Effect of dilutive potential ordinary shares:		
Share options of the Group	—	25,308,444
Restricted share units of the Group	—	<u>5,097,233</u>
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	<u>507,207,390</u>	<u>526,414,917</u>
Basic (loss)/earnings per share (RMB)	<u>(0.85)</u>	<u>3.27</u>
Diluted (loss)/earnings per share (RMB)	<u>(0.85)</u>	<u>3.09</u>

The computation of diluted loss per share for the year ended December 31, 2022 has not considered the effect of share options and restricted share units given that the effects are anti-dilutive.

For the year ended December 31, 2021, the share options and restricted share units granted by the Company have potential dilutive effect on the earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and restricted share units granted by the Company. No adjustment is made to earnings.

13. DIVIDENDS

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Dividends to the shareholders of the Company	<u>201,114</u>	<u>197,319</u>

For the year ended December 31, 2022, a final dividend of RMB38 cents per share in respect of the year ended December 31, 2021 (2021: RMB38 cents per share in respect of the year ended December 31, 2020) was declared to owners of the Company. The aggregate amount of the final dividend declared in the year ended December 31, 2022 amounted to RMB201,114,000 (2021: RMB197,319,000), and such cash dividend was paid on July 22, 2022 (2021: paid on July 22, 2021).

14. INVESTMENTS IN ASSOCIATES

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Investments in unlisted companies (a)	13,353	50,702
Investments in funds (b)	<u>1,404,604</u>	<u>1,565,221</u>
	<u>1,417,957</u>	<u>1,615,923</u>

(a) Investments in unlisted companies

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Cost of unlisted investments in associates	63,976	101,945
Share of post-acquisition profit or loss and other comprehensive income	(11,952)	(11,805)
Impairment loss	(39,721)	(39,026)
Exchange adjustments	<u>1,050</u>	<u>(412)</u>
	<u>13,353</u>	<u>50,702</u>

(b) Investments in funds

The Group invested in associates that are investment funds it manages, and the Group elected to measure investments in these associates at fair value. Details of such investment funds are summarized as follows:

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Cost of investments in funds	936,720	839,289
Fair value change in funds	414,148	760,222
Exchange adjustments	53,736	(34,290)
	<u>1,404,604</u>	<u>1,565,221</u>

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at FVTPL:

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Current		
Unlisted cash management products (<i>note a</i>)	456,515	170,728
Money market funds (<i>note b</i>)	579,909	591,839
Listed financial bonds (<i>note c</i>)	1,854,255	1,820,498
Trust products (<i>note d</i>)	21,652	101,029
Listed equity security investments (<i>note e</i>)	216,611	181,344
Convertible notes (<i>note f</i>)	186,852	28,691
	<u>3,315,794</u>	<u>2,894,129</u>

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Non-current		
Trust products (<i>note d</i>)	—	14,746
Listed equity security investments (<i>note e</i>)	—	80,200
Unlisted investment funds at fair value (<i>note g</i>)	1,092,716	1,104,043
Unlisted debt security investments (<i>note h</i>)	429,195	1,085,026
Unlisted equity security investments (<i>note i</i>)	91,368	1,179,488
Call option for obtaining non-controlling interests (<i>note j</i>)	436,080	518,080
	<u>2,049,359</u>	<u>3,981,583</u>

Notes:

- a) The Group purchased cash management products with expected rates of return per annum ranging from 1.69% to 4.26% as at December 31, 2022 (2021: 2.39% to 3.14%). The fair values are based on cash flow discounted using the expected rate of return based on management judgment.
- b) The Group invested in money market funds through its consolidated asset management schemes. As these money market funds held by the Group were managed within a business model whose objective is to sell these investments and the contractual terms do not give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding, they were subsequently measured at FVTPL.
- c) The Group invested in financial bonds with fixed interest rates ranging from 0.10% to 5.08% as at December 31, 2022 (2021: 0.01% to 7.10%) and can be traded in the public bonds market at any time and settled at the prevailing market prices. As these financial bonds held by the Group were managed within a business model whose objective is to sell the debt instruments, they were subsequently measured at FVTPL.
- d) The Group invested in trust products with expected return rate ranging from 11.00% to 12.00% per annum as at December 31, 2022 (2021: 7.50% to 12.00%). As trust products held by the Group was managed within a business model whose objective is to sell the investment and the contractual terms do not give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding, they were subsequently measured at FVTPL.
- e) These investments represent equity investments in listed companies, and subsequent fair value change of the investments are recorded in the net investment gains in the consolidated statement of profit or loss and other comprehensive income.
- f) The Group invested in convertible notes with fixed interest rates of 10% (2021: 6%) and with terms of within one year, which may be extended by the investee pursuant to its terms. The Group had conversion right to convert notes into equity shares of investee before the maturity date. On February 13, 2023, the final repayment date was extended by the investee to April 11, 2024 pursuant to its terms. In 2024, the Group and other lenders of the syndicated convertible note facility entered into a standstill agreement with the investee for a period ending October 11, 2024, whereby the lenders agreed not to make any claim, enforcement action or proceeding against the investee, whilst the investee explored other refinancing opportunities. The Group has the right to terminate the standstill agreement early.
- g) The fair values of the unlisted investment funds are based on the net asset values of the investment funds reported to the limited partners by the general partners at the end of the reporting period. The fair value changes are recorded in the net investment gains in the consolidated statement of profit or loss and other comprehensive income.
- h) These investments represent investments in the preferred shares of unlisted companies, and subsequent fair value change of the investments are recorded in the investment (loss)/income arising from certain incidental and ancillary investments in the consolidated statement of profit or loss and other comprehensive income.
- i) These investments represent equity investments in the unlisted companies, and subsequent fair value change of the investments are recorded in the investment (loss)/income arising from certain incidental and ancillary investments in the consolidated statement of profit or loss and other comprehensive income.
- j) The Group holds a call option to obtain any non-controlling interests from the non-controlling shareholders of a subsidiary of the Group, 華興證券有限公司 (“**CR Securities**”), at the book value of the non-controlling interests exercisable at any time after its establishment. The fair value of call option as at December 31, 2022 amounted to RMB436,080,000 (2021: RMB518,080,000). The call option is not traded in an active market and the respective fair value is determined by using valuation technique. The fair value has been determined in accordance with Black Scholes model based on fair value of underlying net assets of CR Securities and the estimate of the exercise time of the call option.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Listed financial bonds	357,672	410,210
Less: non-current portion	<u>(111,908)</u>	<u>(359,610)</u>
	<u>245,764</u>	<u>50,600</u>

The total cost of the financial bonds as of December 31, 2022 was RMB348,971,000 (2021: RMB398,821,000) and the fair value as of December 31, 2022 was RMB357,672,000 (2021: RMB410,210,000), and with changes in fair value recorded in other comprehensive expense in the consolidated statement of profit or loss and other comprehensive income. The expected credit losses of financial bonds amounting to RMB36,000 as of December 31, 2022 (2021: RMB95,000) was recognized in other reserves.

17. LOANS TO THIRD PARTIES

	As at December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Soundcath, LLC (“ Soundcath ”) (<i>note a</i>)	—	6,541
Wallaby Medical Holding, Inc. (“ Wallaby ”) (<i>note b</i>)	192,717	—
Song Huanping (“ Song ”) (<i>note c</i>)	11,418	—
Less: impairment loss allowance	<u>(117,561)</u>	<u>(1,962)</u>
	<u>86,574</u>	<u>4,579</u>
Less: non-current portion	<u>(86,574)</u>	<u>—</u>
	<u>—</u>	<u>4,579</u>

Notes:

- (a) In July 2021, the Group entered into agreements with Soundcath, a third party. A loan amounting to US\$1,000,000 (equivalent to approximately RMB6,541,000) as at December 31, 2021, at an interest rate of 6% per annum was made to Soundcath. In January 2022, the Group renewed the agreement and agreed to extend the repayment date to July 2022. This loan was fully repaid in December 2022.
- (b) In March 2022, the Group entered into agreement with Wallaby, a third party. A loan amounting to US\$24,935,000 (equivalent to approximately RMB173,662,000) as at December 31, 2022 was made to Wallaby. The loan will be repaid on the second anniversary of the loan origination, which could be extended for 12 months by Wallaby pursuant to its terms. The interest rates from first year to third year were 8%, 8.5% and 9.5% per annum, respectively, plus 7% compound interest per annum. In February 2024, the maturity date of the loan was extended by Wallaby for 12 months to April 2025 pursuant to its terms. There was evidence indicating the asset is credit-impaired. As of December 31, 2022, impairment allowance of RMB117,535,000 was made on credit-impaired debtor.

- (c) In January 2022, the Group entered into agreement with Song, a third party. A loan amounting to RMB10,000,000 as at December 31, 2022, at an interest rate of 15% was made to Song. The loan will be repaid on the fourth anniversary of the loan origination. The loan was guaranteed by a third-party company and was secured by a pledge over the restricted shares of a third-party company. The loan was early repaid with an interest rate of 7.5% during the year ended December 31, 2023.

18. ACCOUNTS AND OTHER RECEIVABLES

	As at December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts receivables		
— Accounts receivable (<i>note a</i>)	93,032	86,333
— Open trade receivable (<i>note b</i>)	977,380	263,892
Advance to suppliers	17,160	14,386
Prepayment for wealth management related products	8,567	45,000
Other receivables		
— Refundable deposits (<i>note c</i>)	110,309	284,169
— Staff loans	45,482	28,393
— Value-added tax recoverable	2,347	3,545
Others	37,141	44,420
	<u>1,291,418</u>	<u>770,138</u>
Less: impairment loss allowance	<u>(38,688)</u>	<u>(10,020)</u>
	<u><u>1,252,730</u></u>	<u><u>760,118</u></u>

Notes:

- (a) The Group allows an average credit period of 180 days for its customers. The following is an aging analysis of accounts receivables based on invoice dates at the end of the reporting periods:

Aging of accounts receivable (net of impairment loss allowance)

	As at December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
0–30 days	39,473	67,550
31–60 days	2,680	3,034
61–90 days	4,365	3,228
91–180 days	5,279	815
181–360 days	1,815	396
Over 1 year	1,067	1,720
	<u>54,679</u>	<u>76,743</u>

- (b) Open trade receivable arose from the Group’s brokerage business in respect of securities trading. As the Group currently does not have an enforceable right to offset these receivables with corresponding payables to counterparties, the two balances are presented separately.
- (c) Refundable deposits mainly represent deposits in Stock Exchange.

19. FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS

	As at December 31,	
	2022	2021
	<i>RMB’000</i>	<i>RMB’000</i>
Analysed by collateral type:		
— Debt securities	4,713	109,000
Add: interest receivable	2	5
	4,715	109,005
Analysed by market:		
— Stock exchanges	4,715	109,005

As at December 31, 2022, the fair value of the collateral was RMB4,715,000 (2021: RMB109,005,000).

20. AMOUNTS DUE FROM RELATED PARTIES

Related parties of the Group include major shareholders of the Group and entities/partnerships under their control, associates of the Group, entities/partnerships controlled by members of the board of directors and close family members of such individuals.

Amounts due from related parties — trade nature

		As at December 31,	
		2022	2021
	<i>Note</i>	<i>RMB’000</i>	<i>RMB’000</i>
無錫江陰鐮興領傑股權投資合夥企業(有限合夥) (“Wuxi Jiangyin Huaxing Lingjie Equity Investment Partnership (Limited Partnership)”) (“ HGC RMB Fund IV ”)	i	1,076,392	—
華傑(天津)醫療投資合夥企業(有限合夥) (“Huajie (Tianjin) Medical Investment Partnership (Limited Partnership)”)	i	217,243	—
深圳華晟領翔股權投資合夥企業(有限合夥) (“Shenzhen Huasheng Lingxiang Equity Investment Partnership (Limited Partnership)”)	i	44,331	—

		As at December 31,	
		2022	2021
	<i>Note</i>	RMB'000	RMB'000
Huaxing Capital Partners II, L.P.	i	36,260	35,827
Huaxing Growth Capital IV, L.P.	i	20,425	—
CR Life Star Fund LLC	i	6,235	92
Huaxing Capital Partners, L.P.	i	3,861	4,342
Huaxing Yihui LLC	i	3,742	1,844
天津華傑海河醫療投資合夥企業(有限合夥) (“Tianjin Huajie Haihe Health Investment Partnership (Limited Partnership)”)	i	2,954	2,896
Huaxing IV Colt, Ltd.	i	1,290	—
HX Pioneer Selection Limited	i	1,231	—
HX Advanced Selection Limited	i	625	253
Huaxing Yichong LLC	i	599	274
CR HB XI Venture Feeder, LP	i	585	277
HX Quality Selection Limited	i	488	198
HX Premium Selection Limited	i	469	175
上海華晟領錦投資合夥企業(有限合夥) (“Shanghai Huasheng Lingjin Equity Investment Partnership (Limited Partnership)”)	i	245	—
上海華晟領勢創業投資合夥企業(有限合夥) (“Shanghai Huasheng Lingshi Venture Capital Partnership (Limited Partnership)”)	i	12	30
Glory Galaxy LLC	i	—	261
天津華驍投資合夥企業(有限合夥) (“Tianjing Huaxiao Investment Partnership (Limited Partnership)”)	i	—	250
Less: Impairment loss allowance		(92,206)	(898)
		<u>1,324,781</u>	<u>45,821</u>

The trade balance represents (i) the fee and carried interest receivable of gross carrying amount of RMB359,144,000 in relation to the fund management service provided by the Group, which is non-interest bearing; and (ii) the receivable of gross carrying amount of RMB1,057,843,000 in relation to investment portfolio transferred by the Group to HGC RMB Fund IV (note 4).

For amounts due from related parties of trade nature, the Group has applied the simplified approach to measure the loss allowance at lifetime expected credit loss (“ECL”). The Group determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Impairment allowance of RMB2,134,000 were made based on the Group's provision matrix within lifetime ECL (not credit-impaired) as of December 31, 2022. For debtors with credit-impaired, the Group assesses individually. As of December 31, 2022, gross carrying amounts of RMB1,057,843,000 were credit-impaired. Impairment allowance of RMB90,072,000 were made on credit-impaired debtors.

The Group generally grants a credit period of 180 days to its related parties. Aging of amounts due from related parties — trade nature, based on trading dates, are as follows:

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
0–30 days	274,438	1,718
31–60 days	3,991	1,915
61–90 days	4,380	1,717
91–180 days	16,387	5,453
181–360 days	1,001,429	35,018
> 1 year	24,156	—
	<u>1,324,781</u>	<u>45,821</u>

Amounts due from related parties — non-trade nature

	Notes	As at December 31,	
		2022	2021
		RMB'000	RMB'000
北京瑞智醫療股權投資合夥企業(有限合夥) (“Beijing Ruizhi Medical Equity Investment Partnership (Limited Partnership)”)	i	695	638
廈門鐮展祺舸創業投資合夥企業(有限合夥) (“Xiamen Huazhan Qige Venture Capital Partnership (Limited Partnership)”)	i	549	—
Huaxing Growth Capital Medley Platform 廈門鐮興豐績創業投資合夥企業(有限合夥) (“Xiamen Huaxing Fengji Venture Capital Partnership (Limited Partnership)”)	i	418	9,707
Huaxing Yihui LLC	i	277	—
Huaxing Growth Capital Visions Feeder L.P.	i	273	216
北京華傑瑞眾投資管理中心(有限合夥) (“Beijing Huajie Ruizhong Investment Management Center (Limited Partnership)”)	i	—	3,643
達孜縣崇鐮企業管理有限公司 (“Dazi Chonghua Enterprise Management Co., Ltd.”)	ii	2,796	2,796
Huaxing Growth Capital IV WM Feeder L.P.	i	—	163
Huaxing Growth Capital IV, L.P.	i	—	1,082
天津華興豐耀創業投資合夥企業(有限合夥) (“Tianjin Huaxing Fengyao Venture Capital Partnership (Limited Partnership)”)	i	—	422
Huaxing Growth Capital III, L.P.	i	—	725
Huaxing Growth Capital Associates Feeder, L.P.	i	61	192
Other funds managed by the Group	i	450	181
Less: Impairment loss allowance		(281)	(904)
		<u>5,596</u>	<u>18,861</u>

The balances are unsecured, interest free and repayable on demand.

Notes:

- (i) Funds managed by the Group in which the Group has significant influence.
- (ii) Entities controlled by shareholders of the Company.

21. ACCOUNTS AND OTHER PAYABLES

	At December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, bonus and other benefit payables	385,574	712,435
Open trade payable (<i>note a</i>)	979,576	208,695
Other payables	50,841	55,667
Consultancy fee payables	20,626	12,982
Carried interests to management team and other parties (<i>note b</i>)	238,122	2,710
Other tax payables	11,826	17,177
Accrued expenses	21,949	22,444
Dividend payable	10,414	3,951
	<u>1,718,928</u>	<u>1,036,061</u>

Notes:

- (a) No aging analysis is disclosed in the opinion of the directors of the Company, the aging analysis does not give additional value to the readers of these consolidated financial statements in view of the nature of the business.
- (b) During the year ended December 31, 2022, the Group received shares of listed equity securities as carried interests income, and the portion of carried interests to management team and other parties will be settled in cash after corresponding listed equity securities are disposed of by the Group. Accordingly, this carried interests payable to management team and other parties is measured at fair value according to the share price of listed equity securities. As of December 31, 2022, carried interests to management team and other parties measured at fair value is RMB31,158,000.

22. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Analysed by collateral type:		
— Debt securities	150,000	760,000
Add: interest payable	<u>65</u>	<u>22</u>
	<u>150,065</u>	<u>760,022</u>
Analysed by market:		
— Stock exchanges	<u>150,065</u>	<u>760,022</u>

Sales and repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those securities transferred. These securities are not derecognized from the consolidated financial statements but regarded as “collateral” for the liabilities because the Group retains substantially all the risks and rewards of these securities.

The proceeds from selling such securities are presented as financial assets sold under repurchase agreements. Since the Group transfers contractual rights to receive the cash flows of the securities, it does not have the ability to sell or repledge these transferred securities during the term of these arrangements. Financial assets sold under repurchase agreements bear effective interest from 3.50% to 3.95% (2021: 4.11% to 4.15%) per annum.

The following tables provide a summary of carrying amounts and fair values related to the transferred financial assets that are not derecognized in their entirety and the associated liabilities:

	At December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of transferred assets		
— Financial assets at FVTPL	480,785	915,331
— Financial assets at FVTOCI	357,672	410,210
Carrying amount of associated liabilities	<u>(150,065)</u>	<u>(760,022)</u>
Net position	<u>688,392</u>	<u>565,519</u>

23. SHORT-TERM DEBT INSTRUMENT ISSUED

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Structured notes	<u>236,648</u>	<u>160,954</u>

As at December 31, 2022, the interest rates of structured notes range from 3.30% to 6.08% per annum (2021: from 3.70% to 4.10% per annum).

24. BANK BORROWINGS

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Secured bank borrowing at fixed rate	—	20,023
Unsecured bank borrowing at fixed rate	339,462	270,717
Unsecured bank borrowing at variable rate	<u>1,785,031</u>	<u>1,922,660</u>
	<u>2,124,493</u>	<u>2,213,400</u>

The carrying amounts of the above borrowings are repayable:

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Within one year	611,927	587,596
Within a period of more than one year but not exceeding two years	1,512,566	286,907
Within a period of more than two years but not exceeding five years	<u>—</u>	<u>1,338,897</u>
	2,124,493	2,213,400
Less: Amounts due within one year shown under current liabilities	<u>(611,927)</u>	<u>(587,596)</u>
Amounts shown under non-current liabilities	<u>1,512,566</u>	<u>1,625,804</u>

The Group’s variable-rate borrowings carry interest at London Interbank Offered Rate (“LIBOR”). Interest is reset every month. The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group’s borrowings are as follows:

	Year ended December 31,	
	2022	2021
Effective interest rate:		
Fixed-rate borrowings	4.15% to 5.00%	4.30% to 5.00%
Variable-rate borrowings	LIBOR + 2.00%	LIBOR + 2.00%

25. LEASE LIABILITIES

	Year ended December 31,	
	2022	2021
	<i>RMB’000</i>	<i>RMB’000</i>
Lease liabilities payable:		
Within one year	55,366	57,423
Within a period of more than one year but not more than two years	38,269	48,917
Within a period of more than two years but not more than five years	16,191	45,721
	109,826	152,061
Less: Amount due for settlement with 12 months shown under current liabilities	(55,366)	(57,423)
Amount due for settlement after 12 months shown under non-current liabilities	54,460	94,638

The weighted average incremental borrowing rates applied to lease liabilities is 2.98% (2021: 3.03%).

26. SHARE CAPITAL

	Number of shares	Nominal value per share US\$	Share capital US\$	Amount shown in the financial statement RMB
Authorized				
At January 1, 2021, December 31, 2021 and December 31, 2022	2,000,000,000	0.000025	50,000	
Issued				
At January 1, 2021	532,953,664		13,324	87,348
Shares issued to the Trusts	6,000,000	0.000025	150	968
Shares repurchased and cancelled	(1,951,700)	0.000025	(49)	(315)
Exercise of share options	13,362,812	0.000025	334	2,155
At December 31, 2021	550,364,776		13,759	90,156
Shares issued to the Trusts	12,000,000	0.000025	300	2,022
Exercise of share options	6,033,000	0.000025	151	1,016
At December 31, 2022	568,397,776		14,210	93,194
			At December 31	
			2022	2021
			RMB'000	RMB'000
Presented as			93	90

Note:

The Company repurchased its own shares through the Stock Exchange as follows:

Year ended December 31, 2021

Month of repurchases	No. of ordinary shares	Price paid per share		Aggregate consideration paid (including expenses) RMB'000
		Highest RMB equivalent	Lowest RMB equivalent	
January 2021	100	13.07	13.07	1
July 2021	1,950,600	18.07	17.01	34,725
	1,950,700			34,726

During the year ended December 31, 2021, 1,950,700 ordinary shares of the Company were repurchased at an aggregate cost of HK\$41,761,000 (equivalent to approximately RMB34,726,000) and cancelled.

DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended December 31, 2022 had not been completed as at the date of publication of Unaudited Annual Results Announcement. Since subsequent adjustments have been made to the unaudited annual results of the Group contained in the Unaudited Annual Results Announcement upon the completion of audit, shareholders and potential investors of the Company are advised to pay attention to certain differences between the unaudited annual results of the Group contained in the Unaudited Annual Results Announcement and the audited annual results of the Group in this announcement. Set forth below are principal details and reasons for the major differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

(i) Consolidated Statement of Financial Position

	Disclosure in this announcement As at December 31, 2022 RMB'000	Disclosure in the Unaudited Annual Results Announcement As at December 31, 2022 RMB'000	Difference RMB'000	Notes
Non-current assets				
Deferred tax assets	160,960	229,628	(68,668)	(e)
Financial assets at fair value through other comprehensive income	111,908	245,764	(133,856)	(a)
Loans to third parties	86,574	203,999	(117,425)	(b)
Current assets				
Amounts due from related parties	1,330,377	1,071,360	259,017	(c)
Financial assets at fair value through other comprehensive income	245,764	111,908	133,856	(a)
Current liabilities				
Accounts and other payables	1,718,928	1,792,757	(73,829)	(d)
Income tax payables	133,587	120,607	12,980	(e)
Increase in net assets			<u><u>133,773</u></u>	

(ii) Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Disclosure in this announcement For the year ended December 31, 2022 RMB'000	Disclosure in the Unaudited Annual Results Announcement For the year ended December 31, 2022 RMB'000	Difference RMB'000	Notes
Compensation and benefit expenses	753,232	827,061	(73,829)	(d)
Impairment losses under expected credit loss model, net of reversal	244,501	386,093	(141,592)	(b) and (c)
Income tax expense/(benefit)	70,971	(10,677)	81,648	(c)
Decrease in the loss for the year			<u><u>(133,773)</u></u>	

Notes:

- (a) The update in the financial assets at fair value through other comprehensive income was due to the reclassification of the current and non-current assets on the consolidated statement of financial position.
- (b) The difference in loans to third parties was due to the update in the impairment assessment for loans to third parties. Further information regarding the impairment allowance is included in Note (b) to Note 17 to the consolidated financial statements above. Evidence indicating that the asset is credit-impaired arose after the publication of the Unaudited Annual Results Announcement.
- (c) The difference in the amounts due from related parties was due to the update in the impairment assessment for amounts due from related parties. The impairment loss allowance included in Note 20 to the consolidated financial statements above was reduced due to the settlement arrangement with Huaxing Growth Capital RMB Fund IV disclosed in the Company's announcement dated March 11, 2024.
- (d) The differences in the accounts and other payables and compensation and benefit expenses were due to the update to the provision of bonus expenses.
- (e) The differences in the deferred tax assets, income tax payables and income tax expense/(benefit) were mainly due to the corresponding tax effect arising from the adjustments to the impairment losses for amounts due from related parties and provision for the bonus expenses.

Save as disclosed in this announcement and the corresponding adjustments in total, percentages, ratios and comparative figures related to the above material differences, all other information contained in the Unaudited Annual Results Announcement had no material changes.

**PUBLICATION OF AUDITED ANNUAL RESULTS AND ANNUAL REPORT FOR
THE YEAR ENDED DECEMBER 31, 2022**

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.huaxing.com. The annual report of the Company for the year ended December 31, 2022 will be published on the aforesaid websites of the Stock Exchange and the Company and will be despatched to the Shareholders in due course.

By order of the Board
China Renaissance Holdings Limited
Xie Yi Jing
Chairman of the Board and Executive Director

Hong Kong, September 5, 2024

As at the date of this announcement, the Board comprises Mr. Xie Yi Jing as Chairman and Executive Director, Mr. Lam Ka Cheong Jason, Mr. Du Yongbo and Mr. Wang Lixing as Executive Directors, Mr. Lin Ning David and Ms. Sun Chin Hung as Non-executive Directors, and Ms. Yao Jue, Mr. Ye Junying and Mr. Zhao Yue as Independent Non-executive Directors.